

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**October 16, 2019**  
**Staff Report**  
***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A***  
***QUALIFIED RESIDENTIAL RENTAL PROJECT***

*Prepared by: Chee Thao Yang*

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<b>Applicant:</b>	<b>California Statewide Communities Development Authority</b>
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<b>Allocation Amount Requested:</b>	
<b>Tax-exempt:</b>	\$30,000,000

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<b>Project Information:</b>	
<b>Name:</b>	<b>Arbor Square Apartments</b>
<b>Project Address:</b>	800 North G Street
<b>Project City, County, Zip Code:</b>	Lompoc, Santa Barbara, 93436

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<b>Project Sponsor Information:</b>	
<b>Name:</b>	LIH Arbor Square LP (AOF Pacific CA LIH LLC & LEDG Arbor Square GP, LLC)
<b>Principals:</b>	Thomas Null for AOF Pacific CA LIH LLC; Jacob Levy for LEDG Arbor Square GP, LLC
<b>Property Management Company:</b>	Platinum Realty Management

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<b>Project Financing Information:</b>	
<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe LLP
<b>Private Placement Purchaser:</b>	JPMorgan Chase Bank, N.A.
<b>Cash Flow Permanent Bond:</b>	Not Applicable
<b>Public Sale:</b>	Not Applicable
<b>Underwriter:</b>	Not Applicable
<b>Credit Enhancement Provider:</b>	Not Applicable
<b>Rating:</b>	Not Applicable
<b>TEFRA Noticing Date:</b>	September 4, 2019
<b>TEFRA Adoption Date:</b>	September 17, 2019

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<b>Description of Proposed Project:</b>	
<b>State Ceiling Pool:</b>	General
<b>Total Number of Units:</b>	126
<b>Manager's Units:</b>	1 Unrestricted
<b>Type:</b>	Acquisition and Rehabilitation
<b>Population Served:</b>	Family

Arbor Square Apartments is an existing project located in Lompoc on a 3.14-acre site. The project consists of 125 restricted rental units and 1 unrestricted manager unit. The project has 21 one-bedroom units and 105 two-bedroom units. The renovations will include building exterior upgrades. Building exterior renovations will consist of a removal and replacing of roof and stucco repairs. Individual apartment units will be updated with countertops and cabinets in the kitchen and bathroom, upgrades to lighting fixtures, kitchen sink and new toilets. Lastly, common or site area renovations will consist of asphalt repairs and replacement and ADA updates. The rehabilitation is expected to begin in November 2019 and be completed in October 2020.

### Description of Public Benefits:

**Percent of Restricted Rental Units in the Project:** 100%  
23% (29 units) restricted to 50% or less of area median income households.  
77% (96 units) restricted to 60% or less of area median income households.  
**Unit Mix:** 1 & 2 bedrooms

The proposed project will not be receiving service amenity points.

### Term of Restrictions:

**Income and Rent Restrictions:** 55 years

### Details of Project Financing:

<b>Estimated Total Development Cost:</b>	\$	33,380,733	
<b>Estimated Hard Costs per Unit:</b>	\$	54,032	(\$6,808,008 /126 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$	264,926	(\$33,380,733 /126 units including mgr. unit)
<b>Allocation per Unit:</b>	\$	238,095	(\$30,000,000 /126 units including mgr. unit.)
<b>Allocation per Restricted Rental Unit:</b>	\$	240,000	(\$30,000,000 /125 restricted units)

#### Sources of Funds:

	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 21,600,000	\$ 21,600,000
Tranche B Financing	\$ 8,400,000	\$ 0
LIH Tax Credit Equity	\$ 1,238,854	\$ 10,321,978
Deferred Developer Fee	\$ 2,141,879	\$ 1,458,755
<b>Total Sources</b>	<b>\$ 33,380,733</b>	<b>\$ 33,380,733</b>

#### Uses of Funds:

Land Cost/Acquisition	\$ 18,031,855
Rehabilitation	\$ 7,284,568
Relocation	\$ 126,000
Contractor Overhead & Profit	\$ 544,640
Architectural Fees	\$ 100,000
Survey and Engineering	\$ 35,000
Construction Interest and Fees	\$ 1,137,067
Permanent Financing	\$ 490,600
Legal Fees	\$ 175,000
Reserves	\$ 543,667
Appraisal	\$ 7,000
Hard Cost Contingency	\$ 782,921
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 235,842
Developer Costs	\$ 3,886,573
<b>Total Uses</b>	<b>\$ 33,380,733</b>

**Analyst Comments:**

None

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**Legal Questionnaire:**

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

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**Total Points:**

51.6 out of 140 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$30,000,000 in tax-exempt bond allocation.

**ATTACHMENT A**

**EVALUATION SCORING:**

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	10
Exceeding Minimum Income Restrictions:	35	15	31.6
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>140</b>	<b>110</b>	<b>51.6</b>